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UNCLAS SECTION 01 OF 04 SAO PAULO 000742

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STATE FOR WHA/BSC, INR/IAA, INR/R/AA  
STATE PASS USTR FOR KATE DUCKWORTH  
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USDOC FOR 4332/ITA/MAC/WH/OLAC  
USDOC ALSO FOR 3134/USFCS/OIO  
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SUBJECT: PT FACTIONS AND TENDENCIES - A PRIMER

REF: (A) BRASILIA 1670; (B) SAO PAULO 734;  
(C) SAO PAULO 496; (D) SAO PAULO 129;  
(E) 06 SAO PAULO 1264; (F) 06 SAO PAULO 1105;  
(G) 05 BRASILIA 2951 AND PREVIOUS

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SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY.

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SUMMARY  
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1. (U) President Lula's Workers' Party (Partido dos Trabalhadores - PT), faces a number of challenges as it looks towards a post-Lula future. The centrist, pragmatic "Majority Camp" currently occupies the strongest position in the party, but does not dominate. The CM is increasingly challenged by rivals who blame it for the corruption scandals that have plagued the party since 2005. In addition, "tendencies" on the far left want the party to return to its more leftist roots, as they see many of Lula's economic policies running counter to their core philosophies. These power struggles from within the party may well decide not only who runs for President of Brazil in 2010, but the very future of the PT. Septel will address highlights of the Third National Congress and will look more deeply into the PT's 2010 presidential prospects. End Summary.

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THE ELEPHANT IN THE ROOM  
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2. (U) Founded in 1980 by trade unionists, leftist intellectuals, elements of the Catholic Church, and splinter groups unable to find

a home in the Communist or Socialist parties, the PT has always been something of a hodgepodge. Its base includes big labor - most importantly the Unified Workers' Center (CUT) - the Rural Workers' Landless Movement (MST), and the National Students' Union (UNE). A number of factions or "tendencies," organized around ideology, personality, or ambition, compete for influence. Twelve different groups presented theses to be debated at the National Congress, held August 31 through September 2 in Sao Paulo (ref B).

13. (SBU) The strongest is known as the "Majority Camp" (CM), a centrist, pragmatic group which claims a number of major figures in the party and in the government, including incumbent PT President Ricardo Berzoini; former Lula Chief of Staff Jose Dirceu; PT First Vice-President and Lula foreign affairs advisor Marco Aurelio Garcia; Senator Aloizio Mercadante (Sao Paulo); and Secretary-General of the Presidency Luiz Dulci. President Lula's

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sympathies are with this group, though he also has close friends in other factions. Despite its name, the CM controls only 40 to 50 percent of the PT National Directorate (DN). The CM is diverse, with members drawn from the labor movement and academia as well as federal and state legislatures. It has various sub-groups and special-interest lobbies and does not necessarily act en bloc. The CM is known by other names, including the name of its thesis, "Constructing a New Brazil." Estimates of its delegate strength at the National Congress range from 45 percent to 51 percent. (Note: Many delegates' sympathies or affiliation are unknown, unclear, or multiple. End Note.)

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THE DISSIDENTS  
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14. (SBU) The second group calls itself "The PT and the Democratic Revolution," but is more commonly known as "Message to the Party" after a thesis first published in January (ref D) which has since

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been elaborated. Justice Minister Tarso Genro leads the group; the Governors of Para and Sergipe, various prominent legislators, and several state PT Chairmen are members. Part of its support stems from the rivalry between the Rio Grande do Sul (RS) party and the powerful Sao Paulo party machine. Genro is a former Mayor of Porto Alegre whom many expect to run for Governor of Rio Grande do Sul (RS) in 2010. In 2005, at Lula's request, he resigned his position as Minister of Education to become acting PT President after three party leaders, including then President Jose Genoino, were forced to resign in the wake of the "mensalao" vote-buying scandal (ref G). The "Message" group includes other well-known "gauchos" like former RS Governor Olivio Dutra (see ref F), former Agricultural Development Minister Miguel Rosseto, and RS state legislator Raul Pont, until recently PT Secretary-General.

15. (SBU) The PT of RS, Brazil's southernmost state, considers itself ideologically more consistent (i.e., more easily identifiable with a leftist agenda) and more immune to corruption than the CM as a whole and especially the Sao Paulo PT. Many in RS and in the PT's left wing blame the PT's woes on a clique of Sao Paulo CM members who forgot their mission. Unsurprisingly, several well-known leftist thinkers, such as Ricardo Azevedo, head of the Fundacao Perseu Abramo, the PT's think tank, and party ideologist Marilena Chaui, professor of political philosophy at the University of Sao Paulo, adhere to the "Message" group. Their "message" is that the PT needs to recognize the ethical problems that led to the 2005 corruption scandal and take measures to recover its ruined reputation as the party of ethics.

16. (SBU) This is not a message that people such as CM leader Jose Dirceu, expelled from Congress, banned from politics, and on trial for corruption in the "mensalao" vote-buying scandal (ref A), are prepared to hear. Many prominent CM members deny the corruption charges and see the scandal as an unfortunate but unavoidable result of Brazil's political system, in which a president must stitch together a coalition with patronage and pork barrel spending.

¶7. (SBU) Indeed, for much of the PT, the scandal was vastly overblown by hostile mainstream media in the pay of political and economic elites. "This is something laughable. The 'mensalao' never existed," PT President Berzoini reiterated recently. Former Sao Paulo Mayor and now Tourism Minister Marta Suplicy has been heard to say much the same thing. At the height of the scandal in 2005, the PT's social movements (CUT, MST, and UNE) published a statement decrying "golpismo" - an attempt to overthrow a democratically elected government - by media and political opponents. The PT as a whole sees the entire story as irrefutable evidence of the critical need for wholesale political reform. But Genro and his supporters also call for a return to the party's foundations as the uncorrupted voice of the left and a turn away from the "business as usual" approach they see overtaking the party since it won control of the federal government. This faction is believed to control about 15 to 20 percent of the delegates to the Congress.

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SMALL BUT NOT TO BE IGNORED  
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¶8. (U) A third group, the "PT Movement," is led by Federal Deputy Maria do Rosario (RS) and counts among its members Arlindo Chinaglia, President of the Chamber of Deputies. This is another centrist group which often supports the CM in internal debates and provides the votes to give it a majority in the National Directorate when needed. The PT Movement has the support of perhaps 10-12 percent of the delegates.

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¶9. (U) The Axis of the Left is the faction of Valter Pomar, PT Secretary of International Relations (see refs C and E), one of the

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PT's more vocal leftists and a frequent critic of the CM and the Lula administration, though a staunch defender of the PT against outside critics. The thesis of this group, which commands the support of 6-7 percent of the delegates, is called "Hope is Red".

¶10. (SBU) Two other small factions merit mention because they may have influence beyond their size. "Novo Rumor" or New Course is led by Rui Falcao, a state legislator who served as Secretary of Municipal Government (Chief of Staff equivalent) to Sao Paulo Mayor Marta Suplicy (2001-04) and was her running mate in her unsuccessful 2004 re-election bid. New Course is strong only in Sao Paulo and Paraiba states and is supported by only about 6 percent of the party faithful nationwide, but it is the second-largest faction in Sao Paulo state (with about 20 percent) and the largest in the city. Ideologically compatible with the CM - Falcao told Poloff he might be able to support Berzoini for another term as PT President if he made certain concessions and commitments - New Course appears to be a vehicle for Marta Suplicy to run for Mayor again in 2008 and for higher political office beyond next year.

¶11. (SBU) The "PT of the Struggles and of the Masses, Socialist and in Solidarity" is another small Sao Paulo-based faction, with the support of perhaps 13 percent in the state, and led by federal deputy Jilmar Tatto, PT Second Vice-President and leader of an influential local political family. While this party espouses a leftist ideology, it is also believed to be a Marta Suplicy group, as Tatto is well-known as one of her most important political organizers. (Note: Suplicy is officially a member of the CM and is believed to be favored by CM leader Jose Dirceu, but this does not preclude her having two smaller factions advancing her interests. End Note.) FPA President Azevedo told us it was not inconceivable that New Course and "Struggles and Masses" might find sufficient common ground to form an alliance, which would become the PT's largest faction in Sao Paulo state. Suplicy's own intentions remain unclear: On the one hand, Rui Falcao himself told us it was politically necessary for her to disavow any intention to run for Mayor in 2008, as she did publicly in August, but that he and others in the party continue to work night and day to prepare the way for her candidacy. If she runs for Mayor and wins, she immediately moves to the top of the list of possible PT 2010 presidential

candidates. But, as Azevedo pointed out, she faces a very tough opponent in either former Governor Geraldo Alckmin or incumbent Mayor Gilberto Kassab, and if she loses she could easily be consigned to political oblivion.

¶12. (U) Note: It is notable that Sao Paulo and Rio Grande do Sul are home to a seemingly disproportionate number of PT national leaders and influential politicians, even as many "petistas" - as PT members are called - see Sao Paulo as "enemy territory," a stronghold of the opposition Brazilian Social Democracy Party (PSDB). The south and southeast seem to breed PT leaders. Ballot box popularity does not translate into strong leaders. Lula won 66 percent of the 2006 second-round vote in the north, and the PT has two governors of northern states (Ana Julia Carepa of Para and Binho Marques of Acre), but neither is considered a party leader, due in part to their small power bases. Likewise, former Acre Governor Jorge Viana is widely respected and has been spoken of as a possible dark horse for the PT Presidency, but has virtually no national profile because he comes from a small, remote state. In the northeast, where Lula did even better, with 77 percent of the vote, and where nearly half the population benefits from the government's "Bolsa Familia" program, Governor Marcelo Deda of Sergipe and especially Governor Jaques Wagner of Bahia have some influence

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within the party. Both are considered close to Lula, but Wagner is associated with the CM and Deda with the Message to the Party. Petistas are Mayors of several large northeastern cities, but again, these are local rather than national powers. A variety of socio-economic and political factors, including the regional strength of other leftist parties, a tradition of local political strongmen ("coronelismo"), and a paucity of strong labor unions, may help explain why the northeast, home to so many PT voters, has produced so few national PT leaders. End Note.

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THE REST  
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¶13. (U) Six more groups remain, even smaller and mostly on the left, whose theses have such names as "Development, Democracy with Citizen Participation and Diversity;" "Dreams For All! Struggles For All!"; and "For a Militant and Socialist PT". The last-named, for example, outlines a "National Sovereignty Platform" calling for the annulment of the privatization of mega-mining concern Rio Doce Valley Company (CVRD), revocation of the Fiscal Responsibility Law, withdrawal of Brazilian peacekeepers from Haiti, and an end to the "ethanol agreement with Bush". PT President Berzoini and other CM members have pledged to keep the smaller factions from disrupting the Congress.

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COMMENT  
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¶14. (SBU) The CM continues to occupy a strong position within the PT, but it does not dominate the party as it has in the past. The dissidents and some of the leftist factions will push hard on the corruption issue, and the timing of the Supreme Court's decision to accept the charges in the "mensalao" case could undermine the CM as well. The dissidents and others on the left will also continue to agitate for a return to ideological purity and founding principles. This struggle will play out in the months ahead in internal party elections and in the controversy over whether the PT will run its own presidential candidate in 2010 and begin now to prepare the way, or whether it may consider supporting a candidate from another party within President Lula's governing coalition. End Comment.

¶15. (U) This cable was coordinated with Embassy Brasilia.

WHITE